

## Message Text

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PAGE 01 STATE 133054  
ORIGIN OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-08 XMB-02 L-03 AID-05  
HA-05 COME-00 /040 R

DRAFTED BY OPIC/ID/LA:JGURR; OPIC/D:RSSMITH  
APPROVED BY ARA:JABUSHNELL  
EXIM:WGLICK (INFO)  
L/ARA:FARMSTRONG  
EB/IFD/OIA:DGRANT  
ARA/ECA:SMYLES  
OPIC/GC:CHUNT

-----110797 251049Z /14

R 250739Z MAY 78  
FM SECSTATE WASHDC  
TO AMEMBASSY BRASILIA

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FROM OPIC

E.O. 11652: N/A

TAGS: EINV

SUBJECT: BRAZILIAN CENTRAL BANK APPROVALS FOR OPIC  
INSURANCE

1. OPIC HAS ISSUED INSURANCE CONTRACTS AS INDICATED BELOW..  
ON A STAND-BY BASIS, WITH COVERAGE TO BE EFFECTIVE ONLY  
UPON RECEIPT OF BRAZILIAN GOVERNMENT APPROVALS (FGA'S).  
EMBASSY IS REQUESTED TO ADVISE CENTRAL BANK (FIRCE) THAT  
LISTED INVESTORS ARE OR WILL SOON BE SEEKING FGA'S. IT IS  
HOPED THAT APPROVALS CAN BE GIVEN IN NEAR FUTURE:

INVESTOR APPLICATION NO. OPIC CONTRACT ISSUED  
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OLINKRAFT	512-72-220	JUN 1974
HANNA MINING	512-73-255	NOV 1976
CARPENTER	512-75-008	MAR 1977
TECHNOLOGY		
AKER DRILL CO.	512-77-023	AUG 1977
INTL. STD. ELEC.	512-76-040	DEC 1977

OLINKRAFT 512-73-424 FEB 1976  
CONTINENTAL 512-76-242 AUG 1977  
ENTERPRISE  
ROME INDUSTRIES 512-75-009 NOV 1977

2. OLINKRAFT HAS FORWARDED A COPY OF CENTRAL BANK CERTIFICATE OF REGISTRATION NO. 260/0557-4300 (DATED JULY 1, 1975), PARA 8 OF WHICH APPEARS TO GRANT FGA FOR OPIC INSURANCE OF 950,000 DOLLARS REINVESTED RETAINED EARNINGS UNDER OPIC APPLICATION 512-72-220. EMBASSY IS REQUESTED TO (A) VERIFY THAT CERTIFICATE OF REGISTRATION NO. 260/0557-4300 IS MEANT TO BE FGA (PLEASE OBTAIN AND FORWARD COPY TO OPIC IF IT IS); AND (B) CONFIRM WITH CENTRAL BANK OPIC'S UNDERSTANDING THAT FGA'S FOR RE-INVESTMENT OF RETAINED EARNINGS ARE ISSUED IN FORM OF NOTATION ON CERTIFICATES OF REGISTRATION VICE ISSUED AS CERTIFICATE OF AUTHORIZATION, AS IS PROCEDURE FOR EQUITY, LOAN AND TECHNICAL ASSISTANCE INVESTMENTS. OPIC WOULD APPRECIATE CABLED EMBASSY RESPONSE ON THESE MATTERS AS DECISIONS ARE PENDING ON CONTINUATION OF OLINKRAFT CONTRACT.

3. FYI. DEPUTY ASSISTANT SECRETARY FOR ARA BUSHNELL CHAIRED INTERAGENCY MEETING ON 12 MAY 1978 TO DISCUSS IMPLICATIONS FOR OPIC AND EXIM PROGRAMS OF POSSIBLE HUMAN RIGHTS REPORT ON BRAZIL. AMBASSADOR SAYRE ATTENDED. LIMITED OFFICIAL USE

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SECTION 116(D) OF FOREIGN ASSISTANCE ACT (FAA) REQUIRES THAT A HUMAN RIGHTS REPORT BE ISSUED ON ANY COUNTRIES RECEIVING ASSISTANCE UNDER FAA. OPIC'S NEW LEGISLATION, SIGNED APRIL 24, PROVIDES THAT THE PROVISIONS OF SECTION 116 SHALL APPLY TO OPIC PROGRAMS. NEVERTHELESS, WHETHER THIS WILL REQUIRE A 116(D) REPORT ON COUNTRIES IN WHICH OPIC PROGRAMS ARE OPERATING IS BEING CONSIDERED BY STATE/L AMONG OTHERS. THERE IS CURRENTLY A POSSIBILITY OF SIMILAR REPORTING REQUIREMENTS BEING ATTACHED TO EXIM'S NEW LEGISLATION OR EVEN, UNDER APPROPRIATIONS LEGISLATION, TO ALL "DIRECT AND INDIRECT" (E.G., IFI'S) ASSISTANCE. UNTIL PICTURE IS CLEARER, EMBASSY SHOULD NOT RPT NOT DISCUSS OPIC REPORTING REQUIREMENTS WITH GOB. IN THE MEANTIME OPIC HAS NOT ISSUED FURTHER INSURANCE IN BRAZIL IN CY 1978, AND DOES NOT PLAN TO UNTIL THESE MATTERS ARE CLEARED UP. ANOTHER INTERAGENCY MEETING HAS BEEN TENTATIVELY SET SIX WEEKS HENCE TO REVIEW SITUATION. END FYI.

4. NEVERTHELESS, IF QUERIED ON HUMAN RIGHTS IMPLICATIONS WHEN SPEAKING TO CENTRAL BANK ON OPIC FGA'S, EMBASSY MAY POINTOUT THAT APPROVALS FOR THE EIGHT ABOVE-MENTIONED

CONTRACTS WOULD NOT LEAD TO PUBLICATION OF A HUMAN RIGHTS  
REPORT ON BRAZIL SINCE ALL EIGHT CONTRACTS WERE ISSUED IN  
1977 OR EARLIER AND NO REPORTS WOULD BE REQUIRED FOR  
THOSE YEARS. DECONTROL 2-1-79. CHRISTOPHER

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CENTRAL BANK, CREDIT GUARANTEES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 may 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1978STATE133054  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** JGURR; OPIC/D:RSSMITH  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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20 Mar 2014  
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